

TIL LOGISTICS REPORTS UPLIFT IN PERFORMANCE IN FIRST HALF OF YEAR

Unaudited results for the six months to 31 December 2020

- TLL reports recovery in sector activity since April 2020 lockdown, with improved trading across the majority of TLL's divisions
- Revenue, EBITDA and profit all increased year on year
- EBITDA of \$32.9m, up 38% on prior comparative period
- Net Profit After Tax of \$2.7m (1H20: Net Loss After Tax of \$-2.2m). Excluding non-cash impact of NZ IFRS 16, 1H21 NPAT was ~\$4.0m.
- Confirmation of earlier guidance that EBITDA for FY21 is expected to be at least that of the FY20 post IFRS-16 result of \$57.4m.

| \$Millions (post NZ IFRS-16) | 1H21 | 1H20 |
|---------------------------------|-------|-------|
| Sales Revenue | 179.2 | 173.9 |
| Total Income | 181.0 | 175.3 |
| Operating Expenses | 148.1 | 151.5 |
| EBITDA | 32.9 | 23.8 |
| NPAT | 2.7 | (2.2) |
| Net Operating Cashflow | 27.4 | 17.7 |
| Total Assets | 361.7 | 356.9 |

New Zealand freight and logistics company, TIL Logistics Group Limited (NZX: TLL), has reported an increase in Group revenue, earnings and profit for the six months to 31 December 2020 (1H21) as it benefits from improved trading across the majority of its divisions.

The company has seen a recovery in activity since the April lockdown, particularly in sectors which are important sales areas for TLL, including residential construction, infrastructure, food & beverage and agriculture. The second quarter also benefitted as pressure on coastal shipping and capacity at Ports led to an increase in demand for road transport, although this was partially offset by a reduction in demand for warehousing during this time.

Sales revenue of \$179.2m was up on the prior year, a solid result given the ongoing impact of COVID-19 and supply chain issues impacting some divisions during the period.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased 38% to \$32.9m with an improved performance from four of TLL's five divisions and a slight decrease in the International division.

The company reported a return to profitability, with a Net Profit After Tax of \$2.7m, up from a loss of \$2.2m in the prior comparative period (pcp). NPAT includes a \$(1.3)m non-cash impact of NZ IFRS-16 Accounting for Leases.

The Board retains a prudent approach to cash management and no interim dividend has been declared. A final FY21 dividend will be considered subject to trading conditions and financial performance continuing to improve.

Operating cashflow increased to \$27.4m as at 31 December, driven by improved trading and effective working capital management. Since period-end, the company has extended the tenure of its bank facilities out to 31 March 2022 with total borrowings of \$83.3m as at 31 December 2020, and cash and cash equivalents of \$18.3m.

TLL operates across five divisions, with its three largest divisions – Freight, Warehousing and Bulk Liquids - making up 90% of revenue and EBITDA.

Freight

The Freight sector delivered a significant improvement in EBITDA, up 57% on pcp to \$9.3m. The first six months of the freight improvement plan have now been completed, with early benefits being seen in operational efficiency, customer interaction and back office administration. Other transport modes continue to be adopted as part of customer solutions, with strong demand for road and rail, particularly during the Christmas period.

Warehousing and Logistics

The division is benefitting from the investment made into new warehouses over the past three years. EBITDA was up 23% to \$12.4m despite Port congestion and supply chain disruption impacting on demand in the second quarter. Continuing disruption is expected on supply chains from COVID in 2H21, however, port congestion is expected to ease and improve the flow of containers on and off ports and into warehouses. The business will continue to benefit from the additional capacity provided by the new warehouses.

Bulk Liquids

The increase in EBITDA to \$8.0m was driven by increased volumes over the summer period, a focus on efficiencies and the flow on effect following resolution of commercial matters with a key customer in early FY21. Management continue to work closely with key customers and are well advanced in negotiations with a large customer to secure a long term contract. Fuel volumes in 2H21 are expected to be in line with the first half of the FY21 year, but will take some time to recover to pre-COVID levels, particularly in industries such as tourism and aviation.

Specialist

The Specialist division benefitted from the ongoing windfarm project work and the acquisition of Fletcher Construction Asset Hub alongside a new contract to supply heavy transport and logistics services. EBITDA was up 62% on the prior year to \$4.0m despite some sector specific downturns, particularly in non-residential construction and commercial projects. Increasing enquiries and interest in Machinery Moving services are expected to translate into sales in 2H21 and, longer term, the extension to the Tiwai Point Aluminium Smelter has seen increased interest in a number of electricity generation projects that could come on stream in the next two to three years. TLL has specialist skills and experience in this sector, moving bulky and oversize items onto difficult-to-reach sites.

International

The International division had a mixed six months, with a number of clients yet to recover to pre-COVID levels, as well as supply chain headwinds and a downturn in oil and gas exploration. EBITDA was down 7% to \$0.9m for the period. A slow and steady recovery is expected throughout the 2021 calendar year, although current port congestion is expected to continue and airfreight to remain a costly option until 2022.

Outlook

The current environment has demonstrated the benefits of being a group of scale and diversity, with the ability to invest into health & safety, training, systems and infrastructure.

While economic conditions remain volatile, private and public investment, as well as consumer demand, is expected to drive demand in certain sectors.

The company will continue to focus on strategic priorities in the second half of the financial year, being the Freight improvement plan, organic growth, targeted acquisition opportunities, Group synergies and growing shareholder value.

The Board has confirmed its earlier guidance that EBITDA for FY21 is expected to be at least that of the FY20 post IFRS-16 result of \$57.4m.

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About TIL Logistics Group Limited (TLL)

TLL is one of the largest domestic freight and logistics businesses in New Zealand, with a nationwide network of branches, depots and warehouses. TLL's activities include transporting and warehousing freight throughout New Zealand and co-ordinating freight movements offshore with the assistance of international alliances. TLL also has a specialist road tanker division which is one of the largest operators in the New Zealand fuel delivery market.